

**GREATER NEW ORLEANS YOUTH ORCHESTRA
AND RELATED ORGANIZATION**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2012 and 2011

Independent Auditor's Report

**To the Board of Directors
Greater New Orleans Youth Orchestra
New Orleans, Louisiana**

We have audited the accompanying consolidated statements of financial position of Greater New Orleans Youth Orchestra and Related Organization as of June 30, 2012 and 2011, and the related consolidated statements of activities, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Youth Orchestra's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater New Orleans Youth Orchestra and Related Organization as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012, on our consideration of the Greater New Orleans Youth Orchestra's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe that scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our 2012 audit.

Carr, Riggs & Ingram, L.L.C.

December 28, 2012

**Greater New Orleans Youth Orchestra
and Related Organization
Consolidated Statements of Financial Position
June 30, 2012 and 2011**

ASSETS		<u>2012</u>	<u>2011</u>
Current assets:			
Cash		\$ 101,085	\$ 95,241
Accounts receivable (net of allowance of \$1,420 and \$15,000 in 2012 and 2011)		7,029	5,186
Prepaid expenses		<u>1,300</u>	<u>1,700</u>
Total current assets		<u>109,414</u>	<u>102,127</u>
Property and equipment, net		8,827	15,740
Endowment Fund - restricted		<u>87,435</u>	<u>88,274</u>
Total assets		<u>\$ 205,676</u>	<u>\$ 206,141</u>
LIABILITIES AND NET ASSETS			
Current liabilities -			
Accounts payable and accrued expenses		<u>\$ 5,586</u>	<u>\$ 8,076</u>
Net assets:			
Unrestricted		117,891	106,915
Temporarily restricted		30,808	39,759
Permanently restricted		<u>51,391</u>	<u>51,391</u>
Total net assets		<u>200,090</u>	<u>198,065</u>
Total liabilities and net assets		<u>\$ 205,676</u>	<u>\$ 206,141</u>

The accompanying notes are an integral part of the consolidated financial statements.

**Greater New Orleans Youth Orchestra
and Related Organization
Consolidated Statements of Activities
Years Ended June 30, 2012 and 2011**

	<u>2012</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenues:				
Contributions	\$ 168,098	\$ 40,303	\$ -	\$ 208,401
Earned revenue	112,814	-	-	112,814
Haitian Youth Relief Music Project	-	2,095	-	2,095
Other income	1,809	-	-	1,809
Investment return from Endowment Fund	-	2,087	-	2,087
Net assets released from restrictions	<u>53,436</u>	<u>(53,436)</u>	<u>-</u>	<u>-</u>
Total support and revenues	336,157	(8,951)	-	327,206
Expenses:				
Orchestra programs	322,181	-	-	322,181
Haitian Youth Relief Music Project	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Total expenses	325,181	-	-	325,181
Change in net assets:	10,976	(8,951)	-	2,025
Net assets, beginning of period	<u>106,915</u>	<u>39,759</u>	<u>51,391</u>	<u>198,065</u>
Net assets, end of period	<u>\$ 117,891</u>	<u>\$ 30,808</u>	<u>\$ 51,391</u>	<u>\$ 200,090</u>
	<u>2011</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenues:				
Contributions	\$ 109,726	\$ 57,507	\$ -	\$ 167,233
Earned revenue	134,895	-	-	134,895
Haitian Youth Relief Music Project	-	20,060	-	20,060
France trip	224,452	-	-	224,452
Other income	3,300	-	-	3,300
Investment return from Endowment Fund	-	13,060	-	13,060
Net assets released from restrictions	<u>195,456</u>	<u>(195,456)</u>	<u>-</u>	<u>-</u>
Total support and revenues	667,829	(104,829)	-	563,000
Expenses:				
Orchestra programs	390,414	-	-	390,414
France trip	226,942	-	-	226,942
Haitian Youth Relief Music Project	15,000	-	-	15,000
Write-off of Wisner Foundation grant	<u>-</u>	<u>98,000</u>	<u>-</u>	<u>98,000</u>
Total expenses	632,356	98,000	-	730,356
Change in net assets:	35,473	(202,829)	-	(167,356)
Net assets, beginning of period	<u>71,442</u>	<u>242,588</u>	<u>51,391</u>	<u>365,421</u>
Net assets, end of period	<u>\$ 106,915</u>	<u>\$ 39,759</u>	<u>\$ 51,391</u>	<u>\$ 198,065</u>

The accompanying notes are an integral part of the consolidated financial statements.

**Greater New Orleans Youth Orchestra
and Related Organization
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,025	\$ (167,356)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	6,913	6,917
Net unrealized (gain) on Endowment Fund	(533)	(11,387)
Write-off of Wisner grant	-	98,000
Bad debt expense	-	10,000
(Increase) in accounts receivable	(1,843)	(13,890)
Decrease in prepaid expense	400	5,665
Decrease in unconditional promise to give	-	99,000
(Decrease) increase in accounts payable and accrued expenses	<u>(2,490)</u>	<u>1,512</u>
Net cash provided by operating activities	<u>4,472</u>	<u>28,461</u>
Cash flows from investing activities:		
Distributions from Endowment Fund	2,926	2,972
Realized net gains reinvested in Endowment Fund	<u>(1,554)</u>	<u>(1,673)</u>
Net cash provided by investing activities	<u>1,372</u>	<u>1,299</u>
Net increase in cash and cash equivalents	5,844	29,760
Cash and cash equivalents at beginning of year	<u>95,241</u>	<u>65,481</u>
Cash and cash equivalents at end of year	<u>\$ 101,085</u>	<u>\$ 95,241</u>

The accompanying notes are an integral part of the consolidated financial statements.

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
Years Ended June 30, 2012 and 2011**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS

Organization - Greater New Orleans Youth Orchestra (Youth Orchestra) is a non-profit entity formed in February 1996 to provide the youth of the metropolitan New Orleans area an opportunity to participate in a high-quality full-orchestra program. Northshore Friends of GNOYO (Friends) is a non-profit entity formed in January 2004 to provide financial and other support for the Northshore (metropolitan area north of New Orleans) programs of the Youth Orchestra. The organizations are related through certain board members and officers in common. Contributions represent a significant source of support and revenue.

Basis of presentation - The consolidated financial statements include the accounts of the Youth Orchestra and Friends (collectively Youth Orchestra). All significant intercompany transactions have been eliminated in consolidation.

The Youth Orchestra's financial statements are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned, and expenses are recognized in the period in which the benefit is realized. Revenues from ticket sales are recognized when the performances are given.

The Youth Orchestra reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Tax status - The Youth Orchestra is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Unrelated business taxable income (UBTI) is derived from any activity that constitutes a trade or business that is regularly carried on and is not substantially related to the organization's tax-exempt purposes. During 2012 and 2011, the Youth Orchestra did not earn significant income which was classified as UBTI.

In 2010, the Internal Revenue Service (IRS) examined the Youth Orchestra's tax filings. They issued a no change opinion which closed all previous tax years. The Youth Orchestra's tax filings for the year ended June 30, 2010 forward are currently open for audit under statutes of limitations by the IRS. Management believes that all tax positions would be sustained if audited. If applicable, any interest and penalties would be classified in the statement of activities as administrative expenses under Orchestra programs.

Donated services, facility usage and materials - Donated services, facility usage and materials, if significant in amount, are recorded as contributions at their estimated fair market value provided the donor has a clearly measurable and objective basis for determining their value. No value is assigned to other donated items if there is no ascertainable basis for assigning the value. The Youth Orchestra recorded an amount for donated services and facility usage, both revenues and expenses, of \$42,228 and \$71,155 for the years ended June 30, 2012 and 2011.

Property and equipment - Property and equipment consists of donated and purchased musical instruments. Donated instruments are stated at the estimated fair market value at the donation date net of accumulated depreciation. Purchased instruments are stated at cost net of accumulated depreciation. Depreciation is provided by the straight-line method over the estimated useful lives of the assets, which is seven years. The Youth Orchestra's practice is to capitalize significant acquisitions which benefit future periods.

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS - continued

Advertising costs - Advertising costs are expensed in the year incurred. Advertising expenses were approximately \$931 and \$2,099 in 2012 and 2011.

Cash and cash equivalents - The Youth Orchestra considers all money market investment instruments and certificates of deposits with an original maturity of three months or less to be cash equivalents.

Accounts receivable - Accounts receivable are stated at cost less an allowance for doubtful accounts. The Youth Orchestra does not recognize interest income on these accounts. Management's evaluation of the adequacy of the allowance is based on periodic review of all accounts and includes a consideration of the account's past history, any adverse situations that might affect the account's ability to repay, and current economic conditions. Past due status is based on how recently payments have been received. Management and the Youth Orchestra's Treasurer approve charge-offs. Amounts past due ninety days or more amounted to approximately \$-0- and \$17,000 at June 30, 2012 and 2011, of which a \$-0- and \$15,000 allowance has been recorded.

Pledges receivable - Periodically, the Youth Orchestra has a drive to raise money to cover special events as well as general expenses. Pledges are solicited and once a positive response is received, the pledge amount is recorded. The executive director reviews the pledge commitments and assesses the collectability based on payment history and economic factors prior to any write-offs.

Unconditional promises to give are recognized as revenues in the period the pledge is received. The pledges are recorded at fair value based on the net present value of estimated future cash flows using an appropriate discount rate. Conditional promises to give are recognized as revenues only when the conditions attached to the pledge are substantially met.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Fair value for the Greater New Orleans Youth Orchestra Endowment Fund is provided by The Greater New Orleans Foundation (Foundation).

Endowment Fund - Generally accepted accounting principles provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). It also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds). The State of Louisiana enacted UPMIFA during 2010 (see note E).

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS - continued

Net assets - Under generally accepted accounting principles, the Orchestra is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of the Organization are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions and are available for support of the Organization's current operations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met, either by action of the Organization and/or passage of time. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor imposed restrictions.

Fee waivers - The Youth Orchestra maintains a policy of not turning away interested youths based on financial need. Accordingly, the Youth Orchestra provides scholarships in the form of fee waivers or partial fee waivers. Fee waivers of \$12,965 and \$14,625 were recorded during the years ended June 30, 2012 and 2011.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 presentation.

B. PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	<u>2012</u>	<u>2011</u>
Musical instruments	\$ 43,894	\$ 43,894
Computer equipment	4,704	4,704
Less: accumulated depreciation	<u>(39,771)</u>	<u>(32,858)</u>
	<u>\$ 8,827</u>	<u>\$ 15,740</u>

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

C. LEASE COMMITMENT

Until March 2009, the Orchestra leased space under an informal monthly arrangement, since April 2009, the Orchestra's office space has been primarily donated. See Note A. In January 2012, the Organization signed a six month lease for office space at \$1,300 per month, and continues to operate on a month-to-month basis under this lease. Rent expense for 2012 and 2011 was \$37,895 (\$28,628 of which was donated) and \$57,255 (all of which was donated).

D. FUNCTIONAL EXPENSES

The Youth Orchestra's orchestra programs are summarized below by functional category for the years ended June 30:

	<u>2012</u>	<u>2011</u>
Salaries and wages (including professional services)	\$ 206,599	\$ 230,854
Production	65,279	96,423
Administration	<u>50,303</u>	<u>63,137</u>
	<u>\$ 322,181</u>	<u>\$ 390,414</u>

E. ENDOWMENT FUND

The Endowment Fund is a permanently restricted endowment fund established by various supporters of the Youth Orchestra who raised funds to receive additional grant funds through a fundraising challenge. As part of the challenge agreement, the Endowment Fund has been invested with the Foundation, which has been authorized to accept additional contributions and invest the funds according to the Foundation's investment policy. Net assets associated with endowment funds are classified and reported based on existence or absence of donor imposed restrictions. The Foundation, through its Board of Trustees, has the right to make distributions from the Endowment Fund to accomplish the philanthropic intent of the donors. The donors have designated the Youth Orchestra as the beneficiary of all grants from the Endowment Fund. Distributions of \$2,926 and \$2,972 were made in 2012 and 2011.

The Youth Orchestra's Board has interpreted UPMIFA as not expressly requiring the preservation of purchasing power (real value) for donor-restricted endowment funds absent explicit donor stipulations to the contrary. However, historic dollar value is considered not expendable.

The Foundation follows a total return spending policy for its endowment funds. Endowment funds are invested for maximum total return (within acceptable risk parameters), without distinction between income and capital gains. The market value of the fund is measured over the past twelve quarters, and a percentage of the average of those values is made available for grants. This method puts the focus on the long-term growth of the fund. This, in turn, encourages the appropriate use of equities in the fund, helping the fund to grow at a rate greater than inflation. The annual percentage for 2012 and 2011 distributions is 4%. This percentage is evaluated each year and adjusted as necessary.

The primary financial objective for the Foundation is to increase the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of investment management. Endowment assets are invested in a well diversified asset mix, which includes equity securities, fixed income securities, and alternative investments that is intended to meet the objective. The Foundation has established a 5% real rate of return objective for the portfolio. Actual returns in any given year may vary from this amount. Investment assets and allocation between asset classes and strategies are managed to not expose the endowment assets to unacceptable levels of risk.

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

E. ENDOWMENT FUND – continued

Composition of and changes in endowment net assets for the year ended June 30, 2012, were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor designated endowment net assets, beginning of year	\$ 10,000	\$ 26,883	\$ 51,391	\$ 88,274
Investment returns	-	1,990	-	1,990
Fees	-	(436)	-	(436)
Appropriated for expenditure	-	(2,926)	-	(2,926)
Net appreciation in endowment	-	533	-	533
Donor designated endowment net assets, end of year	<u>\$ 10,000</u>	<u>\$ 26,044</u>	<u>\$ 51,391</u>	<u>\$ 87,435</u>

Composition of and changes in endowment net assets for the year ended June 30, 2011, were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor designated endowment net assets, beginning of year	\$ 10,000	\$ 16,795	\$ 51,391	\$ 78,186
Investment returns	-	2,099	-	2,099
Fees	-	(426)	-	(426)
Appropriated for expenditure	-	(2,972)	-	(2,972)
Net appreciation in endowment	-	11,387	-	11,387
Donor designated endowment net assets, end of year	<u>\$ 10,000</u>	<u>\$ 26,883</u>	<u>\$ 51,391</u>	<u>\$ 88,274</u>

F. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30 are summarized as follows:

	<u>2012</u>	<u>2011</u>
Investment return from the Endowment Fund investment held at The Greater New Orleans Foundation	\$ 26,044	\$ 26,883
Arts Council of New Orleans Community Arts Grant	-	7,207
Haitian Youth Relief Music Project	4,764	5,669
	<u>\$ 30,808</u>	<u>\$ 39,759</u>

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

F. RESTRICTIONS ON NET ASSETS - continued

In January of 2012, a donor informed the Organization that it would not honor the remaining installment of a multi-year grant that had been awarded in a prior period. As a result, the Organization wrote off the remaining installment, which had a carrying amount of \$98,000, during the year ended June 30, 2011.

G. EMPLOYEE BENEFIT PLAN

In 2004, a Simple IRA plan was adopted. Employees who have received \$5,000 compensation in both the prior and current year are eligible to participate. Under the plan the Youth Orchestra is required to make either a matching contribution equal to the amount of the employee's elective deferral not to exceed three percent but not less than one percent of the contributing employee's compensation or the Youth Orchestra may make a non-elective contribution to the plan of two percent of compensation of each eligible participant. The Youth Orchestra contributed \$459 and \$344 to the plan for the years ended June 30, 2012 and June 30, 2011, respectively.

H. ECONOMIC ENVIRONMENT

Participation fees and contributions are dependent upon maintaining sufficient participation and donor interest. Student participation in the Youth Orchestra is voluntary and consists primarily of individuals in the metropolitan New Orleans area. The effect on participation levels and contributions due to current economic conditions continues to be assessed by management.

I. CONCENTRATION OF CREDIT RISK

Investments held within the Endowment Fund represent a significant portion of total assets. Such investments are subject to interest rate and other risks including the possible loss of principal as reflected in the Statement of Financial Position. Future changes in the financial markets could affect the future earnings from these investments. There is no collateral for these investments.

The Youth Orchestra maintained cash accounts at local banks in 2012 and 2011. In 2012 and 2011, the Youth Orchestra's deposited funds were within the federal insurance limits.

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

J. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board *Accounting Standards Codification* (ASC 820), *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Investments and unconditional promises to give are recorded at fair value on a recurring basis. For assets that are measured at fair value in periods after initial recognition, there were no transfers between Level 1 and Level 2, or transfers into and out of Level 3 in 2012 or 2011. If such transfers were to occur, they would be recognized as of the actual date of the event. Nonrecurring fair value adjustments, if any, would typically involve impairment accounting or donated property and equipment. There were no nonrecurring fair value adjustments in 2012 or 2011. The three levels of the fair value hierarchy are described below:

Level 1 - Observable inputs such as quoted prices in active markets.

Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.

Level 3 - Unobservable inputs for which there is little or no market data and require the Youth Orchestra to develop its own assumptions.

The investments are valued at fair value. The valuation methodologies used for assets measured at fair value are as follows. The Youth Orchestra has no Level 1 assets. Level 2 assets consist of the Endowment Fund investment. Fair value is provided by the Foundation and is based on the market value of the underlying investments using a market approach. Level 3 assets consist of the unconditional promise to give which is recorded at fair value based on the net present value of estimated future cash flows using an appropriate discount rate. There have been no changes in these methodologies used at June 30, 2012 and 2011.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Youth Orchestra believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

J. FAIR VALUE MEASUREMENTS – continued

	Fair value at June 30, 2012	Level 1	Level 2	Level 3
Valued on a recurring basis:				
Endowment Fund	\$ 87,435	\$ -	\$ 87,435	\$ -
	<u>\$ 87,435</u>	<u>\$ -</u>	<u>\$ 87,435</u>	<u>\$ -</u>

	Fair value at June 30, 2011	Level 1	Level 2	Level 3
Valued on a recurring basis:				
Endowment Fund	\$ 88,274	\$ -	\$ 88,274	\$ -
	<u>\$ 88,274</u>	<u>\$ -</u>	<u>\$ 88,274</u>	<u>\$ -</u>

The 2011 changes in unconditional promises to give measured at fair value for which the Youth Orchestra has used Level 3 inputs to determine fair value are as follows:

Beginning balance	\$ 197,000
Pledge	-
Pledge payment	(100,000)
Change in present value	1,000
Write-off of pledge	(98,000)
Net transfer in/out of Level 3	<u>-</u>
Ending balance	<u>\$ -</u>

K. SUBSEQUENT EVENTS

In preparing the financial statements, the Youth Orchestra has evaluated events and transactions for potential recognition or disclosure through December 28 2012, the date the financial statements were available to be issued.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

**To the Board of Directors
Greater New Orleans Youth Orchestra
New Orleans, Louisiana**

We have audited the consolidated financial statements of Greater New Orleans Youth Orchestra and Related Organization (the Youth Orchestra) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Youth Orchestra's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Youth Orchestra's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Youth Orchestra's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Youth Orchestra's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Youth Orchestra's management and Board of Directors, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carroll, Rogers & Ingram, L.L.C.

December 28, 2012

**Greater New Orleans Youth Orchestra
and Related Organization
Schedule of Findings
Year Ended June 30, 2012**

Section I - Summary of Auditor's Reports

Financial statements

1. Type of auditor's report	Unqualified
2. Internal control over financial reporting:	
a. Material weaknesses identified	None
b. Significant deficiencies identified	None
c. Noncompliance material to the consolidated financial statements noted	None
3. Management letter	None

Federal awards

None

Section II - Financial Statement Findings

No financial statement findings were noted during the audit of financial statements for the year ended June 30, 2012.

Finding 2011-1 Financial Report Submission

Current year status – Resolved.

Section III - Federal Award Findings and Questioned Costs

Not applicable